

BEFORE THE  
FEDERAL COMMUNICATION COMMISSION  
WASHINGTON, D.C. 20554

RECEIVED

SEP 10 2001

FCC MAIL ROOM

In the Matter of

International Settlement Rates

IB Docket No. 96-261

To The Commission:

AFFIDAVIT OF LLOYD SOOBRIAN

1. My name is Lloyd Soobrian, Chief Executive Officer of Caribbean Telecommunications Limited ("CTL") with resident office at 48 Good Luck Street, Edison, New Jersey, and Corporate office at 8 Second Avenue, Subryanville, Georgetown, Guyana. CTL is registered in Guyana and owned by American Citizens living in the United States.

2. CTL has purchased American made cellular equipment and operates a cellular service in Guyana.

3. CTL has an interconnection agreement with GT&T but GT&T refused to interconnect CTL in Georgetown causing severe financial harm to CTL.

4. The interconnection agreement stipulates that CTL and GT&T share equally the net international settlement revenues earned by CTL from Inbound and outbound international calls originating and terminating in CTL's

network.

5. Attached as exhibit 1 is a true and correct copy of the Guyana PUC Order 4/1977.

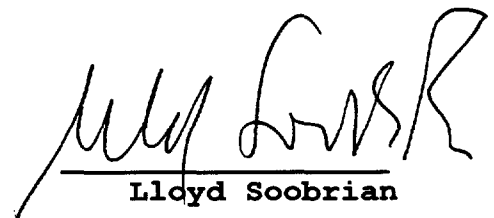
6. Attached as Exhibit 2 is a true and correct copy of Reform of telecommunications Sector in Guyana.

7. Attached as Exhibit 3 is a true and correct copy of The ATN Common Stock Prospectus.

8. Attached as Exhibit 4 is a true and correct copy of the GT&T cellular report submitted to the Public Utilities Commission.

9. I have read CTL's Opposition to the Waiver of the Benchmark Settlement Rates for Guyana and declare that the facts and statements contained therein are true and accurate to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge, assessment and belief.

  
Lloyd Soobrian

Dated September, 08, 2001

  
Notary Public

VONETTA HAWKINS  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 6/14/2003

## PUBLIC UTILITIES COMMISSION

RECEIVED

Guyana Telephone and Telegraph Co., Ltd.

## CELLULAR PLANS SUBMISSION

(In accordance with Paragraph 9 of Order 1/2001)

SEP 10 2001

17-Jul-01

MAY 2001

FCC MAIL ROOM

PLANS	SUBSCRIBERS			AIRTIME	REVENUES	
	Opening Balance	Inc/Dec	Ending Balance		RENTAL	TOTAL
Pre - May 1, 2001 plans	5,782	(5,782)	0	921,304.00	415,849.00	1,337,153.00
PLAN A	0	10,612	10,612	21,353,127.00	26,987,470.00	48,340,597.00
PLAN B	0	1,289	1,289	2,494,694.00	4,976,703.00	7,471,397.00
PLAN C	0	474	474	909,170.00	2,693,566.00	3,602,736.00
PLAN D	0	220	220	170,370.00	1,980,629.00	2,150,999.00
PREPAID	0	2,200	2,200	4,313,235.00	105,013.00	4,418,248.00
RPP PLAN A	0	102	102	126,510.00	205,197.00	331,707.00
RPP PLAN B	0	54	54	57,616.00	175,631.00	233,247.00
RPP PLAN C	0	42	42	41,545.00	317,666.00	359,211.00
RPP PLAN D	0	49	49	77,824.00	458,403.00	536,227.00
TOTAL	0	9,260	15,042	30,465,395.00	38,316,127.00	68,781,522.00

## PUBLIC UTILITIES COMMISSION

Guyana Telephone and Telegraph Co., Ltd.

23-Jul-01

**CELLULAR PLANS SUBMISSION**

JUNE 2001

*(In accordance with Paragraph 9 of Order 1/2001)*

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PLANS	SUBSCRIBERS			REVENUES		
	Opening Balance	Inc./Dec:	Ending Balance	AIRTIME	RENTAL	TOTAL
Pre - May 1, 2001 plans	0	0	0	0.00	0.00	0.00
No Plans*	0	118	118	358,488.00	(21,401.00)	337,087.00
PLAN A	10,612	791	11,403	24,520,314.00	23,859,945.00	48,380,259.00
PLAN B	1,289	150	1,439	3,124,649.00	4,723,168.00	7,847,817.00
PLAN C	474	51	525	1,227,767.00	3,014,578.00	4,242,345.00
PLAN D	220	32	252	299,812.00	2,297,020.00	2,596,832.00
PREPAID	2,200	2,764	4,964	10,743,616.00	9,350,500.00	20,094,116.00
RPP PLAN A	102	(5)	97	95,975.00	160,400.00	256,375.00
RPP PLAN B	54	1	55	63,699.00	170,160.00	233,859.00
RPP PLAN C	42	4	46	110,486.00	250,500.00	360,986.00
RPP PLAN D	49	6	55	65,424.00	499,500.00	564,924.00
<b>TOTAL</b>	<b>15,042</b>	<b>3,912</b>	<b>18,836</b>	<b>40,610,230.00</b>	<b>44,304,370.00</b>	<b>84,914,600.00</b>

\* Includes disconnections &amp; Plans removed from Service

**PUBLIC UTILITIES COMMISSION**

Guyana Telephone and Telegraph Co., Ltd.

24-Aug-01

**CELLULAR PLANS SUBMISSION**

JULY 2001

*(In accordance with Paragraph 9 of Order 1/2001)*

A:\July01.123

PLANS	SUBSCRIBERS			REVENUES		
	Opening Balance	Inc./Dec:	Ending Balance	AIRTIME	RENTAL	TOTAL
Pre - May 1, 2001 plans	0	0	0	0.00	0.00	0.00
No Plans*	118	436	554	55,608.00	83,830.00	139,438.00
PLAN A	11,403	217	11,620	13,809,766.00	23,105,754.00	36,915,520.00
PLAN B	1,439	64	1,503	1,892,448.00	4,783,337.00	6,675,785.00
PLAN C	525	35	560	1,444,435.00	3,027,668.00	4,472,103.00
PLAN D	252	(1)	251	371,947.00	2,203,239.00	2,575,186.00
PREPAID	4,964	3,044	8,008	18,813,274.00	13,697,500.00	32,510,774.00
RPP PLAN A	97	(4)	93	78,462.00	187,352.00	265,814.00
RPP PLAN B	55	1	56	96,173.00	180,721.00	276,894.00
RPP PLAN C	46	0	46	231,296.00	289,343.00	520,639.00
RPP PLAN D	55	0	55	172,855.00	485,017.00	657,872.00
<b>TOTAL</b>	<b>18,836</b>	<b>3,792</b>	<b>22,192</b>	<b>36,966,264.00</b>	<b>48,043,760.00</b>	<b>85,010,025.00</b>

\* Includes disconnections & Plans removed from Service. Its subscribers are not included in the Total Plans figure, Only its revenues.

ORDER RECEIVED

BEFORE THE PUBLIC UTILITIES COMMISSION SEP 10 2001

**FCC MAIL ROOM**

In the matter of the Public Utilities  
Commission Act 1990 (No. 26 of 1990)

- and -

In the matter of application by the Caribbean  
Telecommunication Limited for  
interconnection arrangement with the  
facilities of Guyana Telephone and Telegraph  
Company Limited; and

In the matter of application by the Caribbean  
Telecommunication Limited for approval of  
rates for the mobile cellular telephone service  
proposed to be provided by it.

Pamadath J. Menon, A.A.	-	Chairman
Hugh George	-	Member
John Willems, A.A.	-	Member
Chandraballi Bisheswar	-	Member
Badrie Persaud	-	Member

**Representation -**

The Caribbean Telecommunications Limited	-	By Dr. Lloyd Soobrian, Dr. S.P. Verma and Mr. Clem Duncan
The Guyana Telephone and Telegraph Company Limited	-	By Mr. Thomas Minnich, General Manager, Mr. Godfrey Statia, Treasurer, Raymond Roopnauth, Director (Operations).
The Consumers' Advisory	-	Miss Eileen Cox, Director

Bureau

The Guyana Consumers'  
Association

- Mrs Sheila Holder, President, Miss  
Lily Ferdinand, Attorney-at-Law.

The matters dealt with in this Order were heard by this Commission at public hearings on 21st April and 13th October, 1997.

## **DECISION**

### **I**

#### **Interconnection with GT&T's System and interconnection charges**

The Caribbean Telecommunications Limited (CTL) is a company registered in Guyana in August, 1994, under the Companies Act, chapter 89:01. CTL has been granted a Licence to operate a cellular radio telephone service under section 7 of the Telecommunication Act 1990 (No. 27 of 1990).

2. In order to operate the cellular radio telephone service CTL sought interconnection and co-location facilities with the facilities of the Guyana Telephone and Telegraph Company Limited (GT&T). GT&T has no objection to the grant of interconnection facilities to CTL, but GT&T has reservations about providing co-location facilities.

3. CTL proposes initially, to provide its services at Skeldon and New Amsterdam and it stated at the public hearing in regard to its request for interconnection facilities from GT&T that it does not require co-location facilities at those two places. So we are not going into the question of co-location at this stage.

4. In his letter dated 7th March, 1997, Mr. Godfrey S. Statia, Treasurer of GT&T, wrote to Dr. Shiv Verma of CTL, summarising the agreement reached between the representatives of GT&T and CTL at the conclusion of their discussions, as follows -

#### **"Connection and Administration Charge**

A charge of US\$5,000.00 will be levied on the initial exchange in each region. Thereafter a charge of US\$2,500.00 will be levied for each additional station in each region.

#### **Re-Domestic rates**

A initial 50:50 split in domestic revenues. This arrangement is to be revisited after six

months to allow for a review to ensure that GT&T's required connectivity costs are being met.

### **Re-International Rates**

A 50:50 split in **Net Revenue** emanating from and to CTL's Network. **Net revenue** is calculated as the difference between incoming and outgoing revenues. **Should Net Revenues be in the negative, CTL will compensate GT&T for any revenue shortfall to make up for the loss incurred by GT&T.** The ratio aspect of the agreement will also be revisited after a six month period."

5. Since there was disagreement between GT&T and CTL as to what was agreed to, on 10th April, 1997, CTL requested this Commission to adjudicate interconnection charges. Pursuant to this request this Commission scheduled a public hearing on 21st April, 1997, at the Ocean View International Hotel and Convention Centre, Lilendaal, East Coast Demerara.

6. At the public hearing on 21st April, 1997, both CTL and GT&T agreed that -

- (1) For interconnection facilities at Skeldon and New Amsterdam CTL will pay to GT&T a total sum of US.\$7,500 as a one time payment .
- (2) CTL will pay GT & T 50% of CTL's domestic long distance calls and 50% of the net settlement revenues of international calls. This is pending a final decision by this Commission after receiving the report of a consultant to be engaged by it.

7. Subsequently, the terms of the arrangement were reduced to writing by a letter dated 20th August, 1997 signed by Dr. Lloyd Soobrian, on behalf of CTL, and Mr. Thomas Minnich, on behalf of GT&T. CTL has already paid GT&T the one time payment of U.S. \$7,500.

8. This Commission has requested the Georgetown Consulting Group, Inc. to advise us in regard to the above matters. We are awaiting their advice before making a final decision.

### **ORDER**

9. Having regard to the above facts and circumstances, we hereby order GT&T to grant interconnection facilities for CTL's cellular radio telephone service and to allow switching on of CTL's cellular radio telephone service for commercial purposes, and pending a final decision by this Commission in this regard CTL and GT&T shall share CTL's domestic long distance and net international revenues, exclusive of CTL's air time revenue, as stated in the letter of agreement dated 20th August, 1997. When we make a final decision



in the matter, adjustments found necessary, in regard to sharing of revenues, will be made which, if so required in the interests of justice, will be made retrospectively. This Order shall be complied with by GT&T on or before 31st October, 1997. GT&T is further directed to specifically record the net revenues and costs associated with interconnection with CTL and track these until further direction from the Commission.

## II

### **Tariffs for CTL's cellular radio telephone service**

10. By letter dated 15th July, 1996, CTL submitted the following rates and tariffs for its cellular radio telephone service -

### **" CARIBBEAN TELECOMMUNICATIONS PROPOSAL FOR CELLULAR RATES & TARIFFS**

#### **SUBSCRIBER ACCESS USAGE CHARGE**

(Stated in Guyana Dollars)

##### **1. DEPOSIT**

There would be no deposit, however, a Customer paid System based upon monthly usage would be negotiated by each Customer.

- |                        |   |              |
|------------------------|---|--------------|
| 2. ACTIVATION FEE      | - | \$ 57,000.00 |
| 3. RE-ACTIVATION FEE   | - | Nil          |
| 4. ACCESS USAGE CHARGE |   |              |

	ACCESS CHARGE	FREE	USAGE RATES
	Per month	Minutes	Per month (thereafter)
PEAK TRAFFIC HOURS		20	\$42.00
OFF PEAK TRAFFIC HOURS	\$2880.00	-	\$35.00

- (a) Domestic and International Long Distance Customers would be charged for incoming Domestic and International Calls.
- (b) For outgoing International calls, usage charges would be added to the regular GT&T long distance rates, ~~plus~~ a surcharge based on the GT&T Trunk access charges and Trunk loading.
- (c) Usage charges for Domestic calls would be independent of the distance between the

originating and terminating points, plus GT&T access for Trunks.

- (d) Installation and repair of CTL provided Subscriber equipment would be free of charge.

#### ADDITIONAL INFORMATION

- \* Hourly Labour rates of \$580.00, plus Landed cost, reflect the cost of labour by CTL personnel.
- \* Rates would be adjusted monthly based on the Bank of Guyana Exchange rate of the previous month.
- \* CTL would be offering additional plans for high volume usage Customers at a later date."

11. Along with letter dated 18th September, 1997, CTL submitted revised rates and tariffs for its cellular radio telephone service. These are as follows -

#### **"CARIBBEAN TELECOMMUNICATIONS PROPOSAL FOR CELLULAR RATES AND TARIFFS:**

##### **A. SUBSCRIBER ACCESS USAGE CHARGES** (Stated in Guyana Dollars)

1. Deposit Minimum \$10,000  
(This could vary depending upon estimated monthly usage.)
2. Activation Fee \$75,000  
(Includes Phone, Battery, Charger, Cigarette lighter Connection. Life time warranty on phone and Activation.)
3. Re-Activation Fee \$2,860
4. Access Usage Charges

<u>PLAN</u>	<u>ACCESS CHARGE</u>	<u>FREE MINUTES</u>	<u>USAGE RATES THEREAFTER</u>
Peak Traffic hours*	\$2175.00 per month	20	\$40.00 Per Minute
Off-peak Traffic hours*			\$25.00 Per Minute

- (a) Domestic and International long distance customers would be charged for Incoming domestic and International calls.
- (b) For outgoing International calls, usage charges will be added to the regular GT&T long distance rates, plus a surcharge based on the GT&T trunk access charges and trunk loading.
- (c) Usage charge for domestic calls will be independent of the distance between the originating and terminating points plus GT&T access charge for trunks.
- (d) Servicing / maintenance and repairs to phones supplied by CTL will be done free of cost by CTL. If necessary , equipment will be replaced if found to be defected under normal use.
- (e) Additional plans and other services may be negotiated with interested parties.
- (f) Rates will be adjusted monthly, based on the Bank of Guyana exchange rates for the previous month.

\*Peak Hours 07:00 --- 19:00 Hrs. (AM -- 7 PM) Monday --- Friday except Public Holidays.”

### **ORDER**

12. Having regard to the submissions made by CTL referred to above, and the submissions made orally at the public hearing of this Commission on 13th October, 1997, we hereby order that the rates and tariffs submitted by CTL in their letter of 18th September, 1997, extracted in para. 11 above shall be temporary rates and tariffs which CTL shall be entitled to recover from the subscribers of its cellular radio telephone services, with effect from the date on which the cellular service is provided to them, subject to the following modifications -

- (I) Activation fees (including Phone, Battery, Charger, Cigarette Lighter Connection, life time warranty on phone and activation ) shall be \$50,000 instead of \$75,000.
- (ii) No usage or airtime charge shall be payable by the subscriber in respect of incoming international calls.
- (iii) In regard to domestic calls, usage charge or airtime charge shall be paid by the person who makes the call.
- (iv) The rates for off-peak hours shall apply also in respect of calls all day ~~on~~

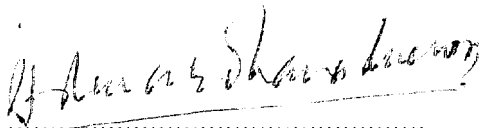
Saturdays, Sundays and Public Holidays.

- (v) The rates and tariffs determined by this Order are the maximum rates and tariffs. Rates and tariffs higher than those determined by this Order shall not be charged by CTL from any subscriber for whatever reason, including variation of exchange rates of the Guyana dollar, without the approval of this Commission

CONCLUSION.

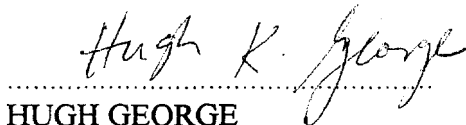
13. The matters dealt with in this Order are posted to 12th January, 1998, for further hearing. The parties to these proceedings shall bear their costs.

Dated this 27<sup>th</sup> Day of October, 1997.



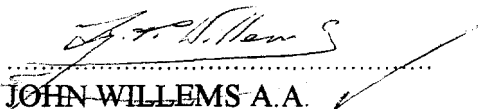
PAMADATH J. MENON, A.A.

- Chairman



HUGH GEORGE

- Member



JOHN WILLEMS A.A.

- Member



CHANDRABALLI BISHESWAR

- Member



BADRIE PERSAUD

- Member

# INTERCONNECT Agreement

August 20, 1997

Mr. Tom Minnich  
General Manager, GT&T  
Brickdam, Georgetown, Guyana.

Dear Tom :

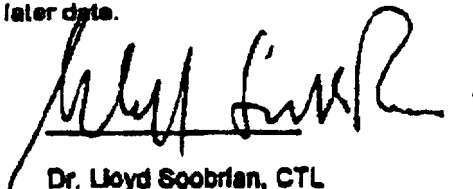
Re : Caribbean Telecommunications Ltd. (CTL) interconnection as agreed at the P.U.C hearing April 21, 1997.

Our cheque for \$ 7,500.00 (USD) for the implementation of the interconnection for the two locations in Barbados ( Skeldon and New Amsterdam) was paid on Friday, August 15th and confirmed by GT&T. As per agreement recorded by the P.U.C between GT&T and CTL, we kindly request to have the interconnection forthwith.

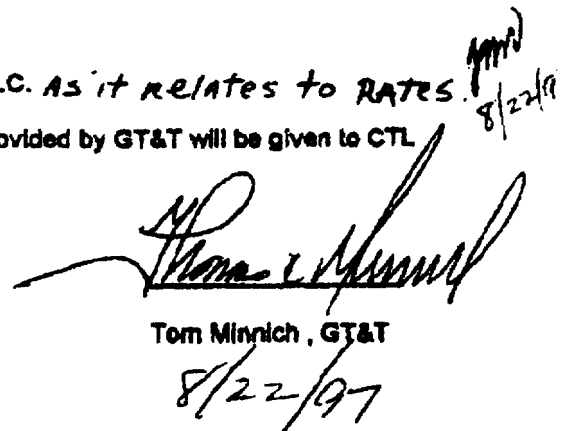
It was further agreed and we do hereby confirm to you that CTL will pay GT&T for all connections to their network as agreed at the P.U.C hearing until the final interconnection charges are finally determined by the P.U.C.

- A. 50% of the net international calls (revenue sharing) exclusive of CTL air time revenue.
- B. 50% of the local long distance revenue exclusive of CTL air time revenue.
- C. These payments will be subject to final decision of the P.U.C.
- D. CTL undertakes to honour this agreement.
- E. A final agreement will be drafted under the aegis of P.U.C. *AS IT RELATES TO RATES.*

Please note that Annex I which will describe the services provided by GT&T will be given to CTL at a later date.

  
Dr. Lloyd Soobrian, CTL

August 20, 1997

  
Tom Minnich, GT&T  
8/22/97

**GUYANA TELECOMMUNICATION CORPORATION**  
**BALANCE SHEETS**

		December 31,	
		1989	1990
		(G\$ 000)	(G\$ 000)
<b>ASSETS</b>			
Current assets:			
Cash .....	\$101,083	\$	406,747
Account receivable (Note 5) .....	250,613		287,528
Materials and supplies .....	12,196		11,354
Prepayment (Note 6) .....	44,053		112,749
Total current assets .....	<u>407,945</u>		<u>818,378</u>
Fixed assets (Note 4) .....	350,577		641,548
Less accumulated depreciation .....	<u>68,059</u>		<u>85,974</u>
Net fixed assets .....	<u>282,518</u>		<u>555,574</u>
	<u><u>\$690,463</u></u>		<u><u>\$1,373,952</u></u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current liabilities:			
Accounts payable (Note 7) .....	\$203,819	\$	294,298
Accrued liabilities (Note 8) .....	167,710		317,240
Accrued taxes .....	40,185		42,463
Advance payments and customer deposits .....	2,608		3,260
Current portion of long-term debt (Note 9) .....	33,142		40,439
Total current liabilities .....	<u>447,464</u>		<u>697,700</u>
Long-term debt (Note 9) .....	—		287,180
Total liabilities .....	<u>447,464</u>		<u>984,880</u>
Stockholder's equity:			
Capital stock .....	15,025		15,025
Revaluation .....	203,214		198,764
Retained earnings .....	24,760		175,283
Total stockholder's equity .....	<u>242,999</u>		<u>389,072</u>
	<u><u>\$690,463</u></u>		<u><u>\$1,373,952</u></u>

# GUYANA TELECOMMUNICATION CORPORATION

## STATEMENTS OF INCOME AND RETAINED EARNINGS

	Years Ended December 31,		
	1988 (G\$ 000)	1989 (G\$ 000)	1990 (G\$ 000)
Operating revenues:			
Long distance network service .....	\$269,674	\$711,064	\$885,324
Local network service .....	15,225	43,068	35,509
Other revenues .....	10,855	9,775	12,703
Total operating revenues .....	<u>295,754</u>	<u>763,907</u>	<u>933,536</u>
Operating expenses:			
Long distance network services .....	168,959	246,181	270,176
Salaries and benefits .....	26,617	31,568	44,784
Maintenance and repairs .....	16,315	37,908	57,529
Depreciation .....	6,290	13,296	18,371
General and administrative .....	46,543	86,014	43,177
Foreign exchange (gain) loss .....	(75,601)	210,153	178,209
Operating taxes:			
Income and corporate taxes (Note 3) .....	55,730	71,260	146,811
Other .....	1,477	637	1,911
Total operating expenses .....	<u>246,330</u>	<u>697,017</u>	<u>760,968</u>
Operating income .....	49,424	66,890	172,568
Nonoperating income .....	8,631	39,290	68,702
Nonoperating income and corporate taxes (benefit) (Note 3) .....	(55)	6,248	6,978
Income available for fixed charges .....	<u>58,110</u>	<u>99,932</u>	<u>234,292</u>
Interest expense .....	8,737	27,121	53,219
Exceptional item, net of tax benefit (Note 2) .....	18,344	—	—
Net income .....	31,029	72,811	181,073
Retained earnings at January 1 .....	85,920	106,949	24,760
Depreciation applicable to revaluation reserve .....	—	—	4,450
Distributions to Ministry of Finance .....	(10,000)	(155,000)	(35,000)
Retained earnings at December 31 .....	<u>\$106,949</u>	<u>\$ 24,760</u>	<u>\$175,283</u>

**GUYANA TELECOMMUNICATION CORPORATION**  
**STATEMENTS OF SOURCE AND APPLICATION OF FUNDS**

	Years Ended December 31,		
	1988	1989	1990
	(G\$ 000)	(G\$ 000)	(G\$ 000)
Source of funds:			
Net income after taxes .....	\$31,029	\$ 72,811	\$181,073
Add:			
Items not involving the movement of funds:			
Depreciation .....	6,290	13,296	18,371
Less:			
Unrealized loss on exchange on loans .....	266	6,696	7,297
Profit on disposal of fixed assets .....	—	—	(398)
Total funds generated from operations .....	37,585	92,803	206,343
Funds from other sources:			
Proceeds on disposal of fixed assets .....	9,803	—	732
Loans drawn down .....	—	—	287,180
	47,388	92,803	494,255
Application of funds:			
Loans repaid .....	—	6,475	—
Purchase of fixed assets .....	1,923	23,849	291,761
Distributions to Ministry of Finance .....	10,000	155,000	35,000
	<u>\$35,465</u>	<u>(\$ 92,521)</u>	<u>\$167,494</u>
Increase (decrease) in current assets less current liabilities:			
Accounts receivable .....	(\$18,567)	\$ 99,230	\$ 36,915
Materials and supplies .....	549	5,143	(842)
Prepayments and other current assets .....	4,561	10,051	68,696
Account payable .....	24,085	(112,951)	(90,479)
Accrued liabilities .....	(7,466)	(121,306)	(149,530)
Accrued taxes .....	(30,390)	24,293	(2,278)
Advance payments and customer deposits .....	(76)	(371)	(652)
Movement in net liquid funds:			
Cash .....	62,769	3,390	305,664
	<u>\$35,465</u>	<u>(\$ 92,521)</u>	<u>\$167,494</u>



# GUYANA TELECOMMUNICATION CORPORATION

## NOTES ON THE ACCOUNTS

### 1. Summary of Significant Accounting Policies

#### *Business Description*

Guyana Telecommunication Corporation (the "Corporation") was incorporated on March 1, 1967 under Section 46 of the Guyana Public Corporation Act, Chapter 19:05. The Corporation provided international and local telecommunications services to the Co-operative Republic of Guyana.

#### *Accounting Convention*

The financial statements have been prepared under the historical cost convention as modified for the valuation of certain fixed assets and the accounting policies conform with International Accounting Standards.

#### *Depreciation*

- (i) Depreciation is calculated on the straight-line method to write off buildings and structures using the rate of 2½%. Depreciation on other fixed assets is calculated on the reducing balance method to write down the assets using the following rates:

Motor vehicles .....	20%
Plant and equipment including furniture and fittings .....	5%-12%

No depreciation is provided on freehold land.

- (ii) Vested telecommunications equipment is being depreciated over its estimated useful life on the original costs of the previous owners. Other vested assets are being depreciated on their net book values at the date of purchase.
- (iii) Construction work-in-progress when brought into use would be capitalized and depreciated in the normal manner.

#### *Materials and Supplies*

Materials and supplies are valued at the lower of cost and net realizable value based primarily on the weighted average cost method.

#### *Revenue*

International toll and local exchange services are recognized when earned regardless of the period in which they are billed.

#### *Foreign Currency Transactions*

Foreign currency transactions effected during the year are translated at the official rates of exchange prevailing at the dates of the transactions. At balance sheet date, all amounts denominated in foreign currencies are translated to Guyana dollars (G\$) at the rates of exchange prevailing at the date or as agreed by the Central Bank of Guyana. Gains and losses arising from the translation of foreign currencies are included in the income statement. The exchange rates expressed in Guyana dollars (G\$) to the United States dollar (U.S.\$) are as follows at December 31:

1988 .....	G\$10.00
1989 .....	G\$33.00
1990 .....	G\$45.00

# GUYANA TELECOMMUNICATION CORPORATION

## NOTES ON THE ACCOUNTS—(Continued)

### *Pension and Gratuity*

The Corporation is a participant in a multi-employer pension plan with the Government of Guyana and its affiliated corporations. The net pension expense for the years ended 1988, 1989 and 1990 was G\$1,057,000, G\$2,485,000 and G\$1,173,000, respectively.

### *Reclassifications*

Certain reclassifications have been made to the 1989 and 1988 financial statements to conform with the 1990 presentation.

### **2. Exceptional Item**

An adjustment of G\$18,344,000, net of tax, made in 1989, relating to 1988 and prior years has now been applied in 1988. The amount represented a change in estimate arising from overseas administration balances that were incorrectly stated in prior years.

### **3. Income and Corporation Taxes**

Taxes are based on chargeable income for the year as follows:

	1988 (G\$ 000)	1989 (G\$ 000)	1990 (G\$ 000)
Income tax at 20% .....	\$24,744	\$34,448	\$ 68,351
Corporation tax at 25% .....	30,931	43,060	85,438
	<u>\$55,675</u>	<u>\$77,508</u>	<u>\$153,789</u>
Taxes on operating income .....	\$55,730	\$71,260	\$146,811
Taxes on non-operating income .....	(55)	6,248	6,978
	<u>\$55,675</u>	<u>\$77,508</u>	<u>\$153,789</u>

### **4. Fixed Assets**

Fixed assets consist of the following at December 31:

	1989			1990		
	At cost (G\$ 000)	Valuation (G\$ 000)	Total (G\$ 000)	At cost (G\$ 000)	Valuation (G\$ 000)	Total (G\$ 000)
Land .....	\$ 638	\$ 25,235	\$ 25,873	\$ 638	\$ 25,235	\$ 25,873
Buildings and structures	4,581	180,975	185,556	7,833	177,979	185,812
Furniture and fixtures ..	4,355	—	4,355	4,378	—	4,378
Plant, equipment and vehicles .....	123,093	—	123,093	122,702	—	122,702
Construction work in progress .....	11,700	—	11,700	302,783	—	302,783
	<u>\$144,367</u>	<u>\$206,210</u>	<u>\$350,577</u>	<u>\$438,334</u>	<u>\$203,214</u>	<u>\$641,548</u>

# GUYANA TELECOMMUNICATION CORPORATION

## NOTES ON THE ACCOUNTS—(Continued)

### 5. Accounts Receivable

Accounts receivable consist of the following at December 31:

	1989 (G\$ 000)	1990 (G\$ 000)
Foreign telecommunication administrators .....	\$111,846	\$140,614
Subscribers .....	201,279	203,415
Others .....	15,132	21,143
	328,257	365,172
Allowance for doubtful accounts .....	77,644	77,644
	<u>\$250,613</u>	<u>\$287,528</u>

### 6. Prepayments and Other Current Assets

Included in this are External Payments Deposits. As a result of the Central Bank of Guyana's inability to fill the demand for hard currency by domestic corporations desiring to pay overseas lenders and suppliers the Central Bank established external payments deposits schemes.

Under the provision of these schemes, domestic corporations wishing to pay overseas lenders and suppliers deposited funds with the Corporation's bank in amounts sufficient to pay overseas lenders or suppliers, at the prevailing exchange rates, pending permission from the Central Bank for remittance. The losses associated with the change in the exchange rates between the date the monies were deposited by the corporation and the date the Central Bank grants permission for remittance is assumed solely by the Central Bank.

As of December 31, 1990, the Guyana Telecommunication Corporation has approximately G\$32,493,000 deposited in these schemes which represents the ability of the Corporation to pay overseas lenders and suppliers approximately U.S.\$9 million upon approval of the Central Bank. See Note 9 for the amount of overseas loans the repayment of which have been funded through external payment deposits.

### 7. Accounts Payable

Accounts payable consist of the following at December 31:

	1989 (G\$ 000)	1990 (G\$ 000)
Foreign telecommunications administrators .....	\$129,388	\$202,650
Trade creditors .....	15,742	22,484
Sundry creditors .....	58,689	69,164
	<u>\$203,819</u>	<u>\$294,298</u>

### 8. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	1989 (G\$ 000)	1990 (G\$ 000)
Accrued interest .....	\$166,482	\$302,121
Other .....	1,228	15,119
	<u>\$167,710</u>	<u>\$317,240</u>

# GUYANA TELECOMMUNICATION CORPORATION

## NOTES ON THE ACCOUNTS—(Continued)

### 9. Loans

	Rate of Interest %		Amount in Foreign Currencies (000)	1989 (G\$ 000)	1990 (G\$ 000)
Plessey .....	7.5 %	£	2,180	\$22,270	\$28,106
Export Development Corporation(a) .....	9.25	U.S.\$	954	4,032	4,032
Nissho Iwai .....	7.5	U.S.\$	756	4,052	4,701
Government of Guyana (Royal Bank of Canada— Nassau)(b) .....		U.S.\$	75	2,252	3,064
ITT World Communication .....	12	U.S.\$	153	536	536
Northern Telecom (CALA) Corporation(c) .....	11.75	U.S.\$	6,342	—	287,180
Total loans .....				33,142	327,619
Long term loan .....				—	287,180
Amount due within one year .....				\$33,142	\$40,439

Amounts totalling G\$20,211,000 representing foreign currencies of approximately £2,012,000 and U.S.\$1,818,000 are included in the external payments deposits schemes as explained in Note 6.

- (a) The balance of this loan was rescheduled by the Government of Guyana in 1990.
- (b) Interest is at the rate of 2% over London International Bank offered rate per annum. This loan was assumed by the Government of Guyana.
- (c) The total loan commitment amounts to U.S.\$11.5 million. The loan is secured by an irrevocable assignment of certain toll revenues due to the Corporation.

### 10. Summary of Differences Between Guyana and United States Generally Accepted Accounting Principles

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles applicable in Guyana, which conform to International Accounting Standards ("IAS"), which differ in certain respects from those applicable in the United States ("U.S. GAAP"). The significant differences relate principally to the following items and the adjustments considered necessary to restate net income and stockholder's equity in accordance with U.S. GAAP are shown below.

#### *Deferred Income Taxes*

The Corporation only provides for deferred income taxes if material, using the liability method for timing differences only to the extent that there is a reasonable probability that a liability will crystallise in the foreseeable future. U.S. GAAP requires full provision for deferred income taxes under the liability method on all timing differences.

#### *Property Revaluation*

Under IAS, tangible fixed assets and property may be restated on the basis of appraised values. The Corporation has revalued certain land and buildings which it owns. Such revaluations are not allowable under U.S. GAAP except in connection with the purchase accounting requirements of business combinations.

# GUYANA TELECOMMUNICATION CORPORATION

## NOTES ON THE ACCOUNTS—(Continued)

1988, 1989 and 1990 of the Corporation restated in U.S. dollars. The balance sheet is translated at the rates in effect at the balance sheet date (G\$ 33 and G\$ 45 equals U.S.\$ 1 at December 31, 1989 and 1990, respectively) and the revenues and expense at the average rates prevailing for the year (G\$10, G\$27.25 and G\$39.50 equals U.S.\$ 1 for the years ended December 31, 1988, 1989 and 1990, respectively). The purpose of this restatement is to reflect the condensed financial condition and condensed results of operations for the periods on a constant currency basis.

### STATEMENTS OF INCOME

	Years Ended December 31,		
	1988	1989	1990
	(U.S. \$000)	(U.S. \$000)	(U.S. \$000)
Revenues .....	\$30,439	\$29,475	\$25,373
Expenses before (gain) loss on foreign exchange .....	31,494	22,561	18,307
Net income (loss) before (gain) loss on foreign exchange .....	(1,055)	6,914	7,066

### BALANCE SHEETS

	December 31,	
	1989	1990
	(U.S. \$000)	(U.S. \$000)
Current assets .....	\$12,362	\$18,186
Fixed assets, net .....	8,561	12,346
	<u>\$20,923</u>	<u>\$30,532</u>
Current liabilities .....	\$13,559	\$15,504
Long-term debt .....	—	6,382
Stockholder's equity .....	7,364	8,646
	<u>\$20,923</u>	<u>\$30,532</u>

No person is authorized to give any information or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer of any securities other than the registered securities to which it relates or an offer to any person in any jurisdiction where such an offer would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

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Until , 1991 (25 days after the date of this Prospectus), all dealers effecting transactions in the shares of Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

4,000,000 Shares



Atlantic Tele-Network, Inc.

Common Stock

## PROSPECTUS

Kidder, Peabody & Co.  
Incorporated

Kemper Securities Group, Inc.